

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6151**

**BILL NUMBER:** HB 1125

**NOTE PREPARED:** Nov 23, 2012

**BILL AMENDED:**

**SUBJECT:** Local Road Funding.

**FIRST AUTHOR:** Rep. Saunders

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**     **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** The bill requires the Auditor of State to distribute money to each county from the Local Road and Street Account (LRS) based on the ratio of the county's passenger car and pickup truck registrations to the total passenger car and pickup truck registrations statewide. (Under current law, pickup truck registrations are not considered.) The changes in the bill are phased in between 2013 and 2020.

**Effective Date:** July 1, 2013.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** The bill will change the amounts of LRS funds received by counties and will favor those counties with more pickup trucks at the expense of those with fewer pickup trucks in relation to the total number of passenger cars and pickup trucks registered. Consequently, the bill also changes the distribution of the Motor Vehicle Highway Accelerated #1 to counties and cities and towns, as this account is distributed in the same manner as the LRS. The bill phases in these changes over an eight-year period, beginning in FY 2014.

The proposal does not increase the amount of funds to be distributed, but rather redistributes the funds amongst the counties, cities and towns. For FY 2012, approximately \$72.9 M was distributed through the LRS to local units, and approximately \$15 M was distributed through the Accelerated #1 to local units. The total amount

of funds that will be affected is \$87.9 M. Including pickup trucks (only those pickups weighing less than 11,000 lbs) in the LRS and Accelerated #1 distributions to the 660 units results in 509 units receiving increases in distributions and 151 units receiving decreases in distributions. The total dollars shifted is estimated to be \$3.4 M when fully implemented.

**Background: Local Road and Street Account:** The Local Road and Street Account is made up of 45% of the revenues collected out of the Highway Road & Street Fund. The Highway Road & Street Fund receives revenue from a portion of the Gasoline Tax, Special Fuel Tax, and the 1969 increase in vehicle registration and title fees. The LRS distribution method is a two-step process, the first step using total passenger car registrations to determine the county allocation and the second step using a variety of factors to determine the county/city and town suballocation. The suballocation is dependent upon county population size as well as county road and street mileage.

**Motor Vehicle Highway Accelerated #1:** Accelerated #1 is the first of two distribution formulas from the Special Distribution Account. The second formula is known as Accelerated #2. The Special Distribution Account receives the first \$25 M collected from 14 cents of the Gasoline Tax as well as the first \$25 M collected from the Special Fuel Tax. The \$50 M total is split evenly between Accelerated #1 and Accelerated #2. Sixty percent of Accelerated #1 is distributed according to the LRS distribution formula to local units, and 60% of Accelerated #2 is distributed according to the Motor Vehicle Highway Account distribution formula to local units.

**State Agencies Affected:** Auditor of State.

**Local Agencies Affected:** Counties, cities and towns.

**Information Sources:** Dan Bastin, Auditor of State, [dbastin@auditor.in.gov](mailto:dbastin@auditor.in.gov); Jane Cope, Auditor of State, [jcope@auditor.in.gov](mailto:jcope@auditor.in.gov); Harold Day, BMV, [hday@bmv.in.gov](mailto:hday@bmv.in.gov).

**Fiscal Analyst:** Stephanie Wells, 232-9866.